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Second country cooperation framework for Kazakhstan

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Introduction

1. The second country cooperation framework (CCF) for Kazakhstan 2000-2004 focuses on equitable growth and eradication of poverty as priority goals. The comparative advantage and primary role of UNDP will be to support policy planning, institutional development and accelerated implementation of cost-effective programmes to attain results highly relevant to human security and the economic development of Kazakhstan.

2. The CCF is based on extensive consultations with a range of partners, including the Government, United Nations agencies, bilateral and multilateral organizations, non-governmental organizations (NGOs) and other key stakeholders. Consultations on the new programme included:

(a) The June 1999 country review of the first CCF for Kazakhstan (1997-1999), during which strategic directions and key approaches for the second CCF were extensively discussed between the Government and UNDP, and with the United Nations country teams and other donor partners.

(b) The process of development of the country cooperation assessment and draft United Nations Development Assistance Framework (UNDAF) document took place in 1999 and significantly influenced the new CCF programming. The active participation of government leaders in UNDAF discussions resulted in a consensus about priority areas of cooperation between the Government and the United Nations country team in Kazakhstan for the period 2000-2004.

(c) Several stages of consultation were conducted between the Government and UNDP during 1999: programme and policy dialogues, sectoral reviews, and regular project assessments. In addition, two major national policy frameworks have guided the consultation process: the national long-term strategy known as Kazakhstan 2030, adopted in late 1998, and the national action plan for 2000-2002, developed by the newly appointed Government and approved in November 1999. A third guiding parameter has been the programme of democratic reform, launched by the President at the end of 1998.

I. Development situation from a sustainable human development perspective

Development goals, strategies and priorities

3. The Government's extensive reforms and measures to foster transition have facilitated substantial progress since independence. After very serious and rapid economic collapse, there followed rigorous economic and financial management and economic activity began to recover in real terms in 1996 and achieved marginal gross national product (GNP) growth in 1997. In 1998 the GNP declined by 2.5 per cent, owing partially to large external shocks, including falling world commodity prices for Kazakhstan's major natural resource exports. As of late 1999, as a result of the Government's tight fiscal and monetary policy, moderate inflation and relatively balanced budgets have been maintained and offer further prospects for growth.

4. However, during both the economic decline and early stages of recovery, budgets were tightened, significant new investment was unevenly distributed and the role of the State shrank. This contributed directly to the decline in employment and income and to new health problems, sharply decreased life expectancy for males and the reduction in social services. Even with the emergence of the private sector, pension reform and other social measures recently being introduced, human security has been substantially eroded. This is reflected in the human development index, which has recovered only a part of its steep decline and the erosion of other indicators also reflected in the annual human development reports. Moreover, macro-indicators mask the reality: new gaps have emerged and the proportion of poor people has significantly grown, especially in rural areas and the large regions affected by nuclear testing, water mismanagement and desertification. In 1998, 43.4 per cent of the population had an income below the subsistence level; only 5 districts of the 197 districts nationwide showed a wage income above the subsistence level.

5. In this context, the country's long-term strategy Kazakhstan 2030 was prepared and approved in October 1998 with UNDP high-level policy advice and help to catalyze support from the United Nations system and other donors. The strategy has given

direction to achieve stable growth, social development, sustainable use of natural resources and effective governance.

6. The Government's new national plan for action (2000-2002) will serve as the principal country policy framework for the second CCF. The main targets and policies of the plan explicitly reflect a commitment to achieve human development, alleviate poverty and address many other specific objectives related to sustainable human development (SHD).

II. Results and lessons learned

7. The first CCF focused on the overall objective of assisting the Government to accelerate economic transition, while concurrently promoting equitable and sustainable human development. After initial ad hoc project assistance in the first years of UNDP support, the Government and UNDP agreed to cooperate within the framework of the first CCF on three priority areas: (a) governance and economic management; (b) social development and poverty alleviation; and (c) environmental management and sustainable development. Capacity-building and the advancement of women were identified as the cross-cutting themes.

8. The June 1999 country review of the first CCF concluded that UNDP support has effectively met the selective priority needs of the country and exercised UNDP's special functions in facilitating development cooperation: its leadership roles in coordination, and catalyzing development assistance and resource mobilization. The first CCF demonstrated a strategic and effective balance in the use of limited UNDP human and financial resources. Results were achieved through upstream activities, including advocacy and policy advice, and discrete geographically based downstream activities. The substantial increase in the role of UNDP, and the impact achieved in sensitive strategic issues such as social policy and development and good governance confirmed a high state of trust and effective partnership between UNDP and the Government. UNDP was cited for its efficiency, responsiveness, flexibility, impartiality and the quality of policy advice.

9. The country review recommended continuation of a balance between upstream and downstream activities in the second CCF, building on the emerging opportunities for increased focus and consolidation of partnerships. To strengthen further the impact of UNDP assistance, the review proposed that the second CCF increasingly shift from a project-based approach to a more programmatic approach with a small number of well-defined programmes and projects. The country review also encouraged more comprehensive use of national execution (currently 90 per cent), supported through in-country capacity-building.

III. Objectives, programme areas and expected results

A. Strategy

10. The new country programme will build on the many positive experiences and impact demonstrated in the course of the implementation of the first CCF. Furthermore, demand-driven UNDP support will especially relate to the priorities of the national action plan for 2000-2002 and the longer-term vision of Kazakhstan 2030. The Government therefore seeks a UNDP-supported country programme that has the overriding goal of helping Kazakhstan to achieve human security and equitable growth. To achieve this goal, emphasis will be on the following three programme areas: (a) social development; (b) strengthening governance and democratic reform; and (c) environmental management for sustainable development. Emphasis on the cross-cutting theme of gender mainstreaming will ensure outreach of programme impact to wider target groups.

11. At the strategic level, the programmatic approach will enable UNDP to be more selective and effective in mobilizing and utilizing resources. Upstream governance interventions, including development of policies, institutional capacities and the regulatory environment will continue to employ UNDP's catalytic, advocacy and facilitative roles, reinforced by operational partnerships. Direct assistance will be provided to achieve tangible results in meeting the needs of the most deprived and vulnerable population groups and geographic regions. As development cooperation needs evolve, UNDP will remain flexible in seizing new opportunities, while ensuring the relevance of its support to the development needs of the country.

B. Programme areas

1. Social development

Expected results and impact

12. Assistance in the programme area of social development will result in the development of pro-poor social policies and cost-effective action plans. Institutional capacities for their implementation will be built at the national and local levels. Sustainability of livelihoods will be enhanced by empowering impoverished people to generate income, acquire equitable access to safe water, health promotion and other basic services. Participatory approaches will be strengthened through support to the NGO sector and gender mainstreaming. The most vulnerable segments of the population in the Semipalatinsk region and the Aral Sea and Caspian Sea areas, which are experiencing severe social stress due to ecological disasters, will continue to be primary beneficiaries of UNDP-focused programme interventions.

13. The programme focus area will consist of two sub-programmes: (a) poverty reduction and (b) empowering civil society and promoting social partnerships.

14. The main outcome of the poverty reduction sub-programme will be the formulation of poverty eradication and employment promotion programmes at the central and local levels. Their decentralized implementation will be made more effective through improved needs assessment, developing anti-poverty methodologies and effective use of resources.

15. A conducive environment for income and employment generation will be achieved through support to improving policy, legislation and strengthening capacities of governmental and non-governmental institutions. Experience with over 5,000 entrepreneurs in the UNDP micro-finance programme in three areas is expected to be replicated to new regions affected by poverty and growing income disparity. Methodologies for social protection will be improved to ensure better targetting of impoverished groups of the population, based on a better-defined poverty threshold and continuous monitoring of poverty. Optimization of budgets and resource planning at the central and local levels will be significantly reformed through UNDP policy advice and training of government staff to address insufficient delivery of basic services. Improved information systems and continuous advocacy through various forums and the national human development report (following the first 5 years of their use as an advocacy tool and source of policy analysis) will result in greater awareness and a broader response to poverty problems from the Government, local communities and international donor partners.

16. Periodic needs assessments and well-sequenced action plans on human security promotion in the areas of the Aral Sea basin, the Caspian Sea and the Semipalatinsk region will be instrumental in securing further increases in official development assistance and improved management of the programmes and resources. At the Government's request, UNDP will continue to be a catalyst to raise awareness, improve programme policies and better target assistance. In both regions, the sustainability of socio-economic development will be enhanced, along with increased self-reliance of the most vulnerable communities. Grass-roots initiatives will expand employment and pilot small-grant activities helping communities to meet their basic needs such as health and access to safe water. Governance mechanisms and capacities of local NGOs and stakeholder institutions will be improved for more effective planning and management. In the Aral Sea region, programme support centres, with national and international United Nations Volunteers, will remain an essential component to promote sustainability and participation. Following the 1999 donor conference held at Tokyo, the Semipalatinsk relief and rehabilitation programme will respond to the priority needs of the region by addressing consequences of 40 years of nuclear testing in the Semipalatinsk region. Based on the success of the programme support centres, the participatory programme approach applied in partnership with local stakeholders in the Aral Sea area will be replicated in the course of programme implementation in the Caspian Sea area and the Semipalatinsk region.

17. Support from the sub-programme on empowering civil society and promoting social partnerships will strengthen the NGO sector and advance the status of women as important participants and beneficiaries in human-centred development. Towards this end, legislation and policies will be adopted to improve the environment for establishment and operation of NGOs and securing gender equity, thus promoting social dialogue, cohesion and effective partnerships between

the Government and civil society. Establishment and maintenance of information systems, such as a comprehensive national NGO database and mechanisms for collection and analysis of gender-sensitive statistics, will enable stronger advocacy, effective partnering and more focused support from the development community. Capacities of national and local gender institutions in the public and private sector will be strengthened, particularly for implementation of the new national action plan for women. Technical and managerial skills of NGOs dealing with social problems will be built with UNDP support for more effective delivery of social services.

2. Governance and democratic reform

Expected results and impact

18. The programme on strengthening governance and democratic reform will aim to support decentralization, improve governance practices and foster participation in rights-based development. These elements will generate the enabling environment for the programme's major thrust of achieving equitable growth and human security through advocacy and capacity-building support to state institutions and NGOs.

19. The programme area will consist of two sub-programmes. The public administration sub-programme will result in better streamlining the structure and functions of central and local government and raising the cost effectiveness of the Government's performance to meet human needs. The impact will be reinforced by the establishment of a statutory civil service system through introduction of mechanisms for competitive recruitment, merit-based promotion, job classification, equitable pay and performance standards. Expected outputs and outcomes will also include improved government practices at different levels through advocacy, legislation, policy support and building capacity in public institutions, the development and implementation of comprehensive anti-corruption strategies and programmes, especially in the areas of financial accountability and transparency of the public sector and ethical reform in the civil service. At the Government's request UNDP will continue to be a catalyst in combating corruption and serving as a lead agency for better governance.

20. Systematic support to external aid coordination will be resumed once this function is revitalized in the Government. The development cooperation report, which will continue to be prepared with UNDP support, will be used as both an advocacy instrument and a reference material for both the Government and donor community.

21. The other UNDP-supported sub-programme is expected to strengthen implementation of the Government's policy commitments to support democratic reform. UNDP will focus on enhancing the capacities of Parliament and human rights institutions to exercise their important roles in Kazakhstan's transition to democracy. Assistance will result in the establishment and operationalization of an ombudsman institution. With support by UNDP, the promotion of human rights will be undertaken through public information and education campaigns, as well as training of government and NGO staff on human rights issues. Support will also be given to help Kazakhstan to bring its national laws into compliance with international human rights instruments, norms and practices. UNDP will further contribute to strengthening the legislative drafting capacity of the Parliament through intensive training of a core group and to the improvement of parliamentary procedures and processes through exposure to best practices.

3. Environmental management for sustainable development

Expected results and impact

22. The third programme area, environmental management for sustainable development, will selectively help Kazakhstan to stabilize its natural resource use, rectify past environmental mismanagement and adhere to international environmental conventions and agreements. National legislation and practices will be improved and coupled with assistance in the implementation of the National Environmental Action Plan (NEAP) at the national and local levels. Formulation and implementation of the national Agenda 21 will also be supported in due course.

23. UNDP will be a catalyst with the Government in mobilizing additional resources from Global Enivironment Facility, Office to Combat Desertification and Drought, Capacity 21, and co-funders which have thus far helped to drive implementation of priorities in the NEAP. With UNDP support, the Government will achieve concrete goals in wetlands protection and agro-biodiversity, energy

efficiency and renewable sources of energy, and the Caspian environmental protection programme. UNDP will also phase in a larger programme to address the pressing problems of environmental security relevant to Kazakhstan and other countries of the sub-region. Especially serious problems are in areas of water management, conservation and utilization; equitable access to water and environmental health. They will be addressed through enhanced national awareness-raising, policy support, well-developed demonstration projects at a grass-roots level and capacity-building to advance towards optimization strategies; it will also involve inter-country cooperation, including through the Regional Environmental Centre, which will soon be based in Kazakhstan.

24. At the grass-roots level, the GEF-supported small grants programme will achieve greater NGO participation in the identification, development and implementation of projects in GEF focal areas. Participatory steering mechanisms will bring together the Government and NGOs for project monitoring and impact assessment. Support for community-based initiatives in the areas of ecological catastrophe, such as the Aral Sea basin, Semipalatinsk and the Caspian Sea coast, will continue and complement anti-poverty grass-roots activities.

IV. Management arrangements

A. Programmatic approach: shifting the practice

25. The programmatic approach will be pursued at three levels:

(a) The elements of the programmatic approach will be increasingly introduced across three main programmes of the second CCF. Identification of complementary components in the programmatic approach will facilitate attaining effective partnerships, strengthening collaboration within the United Nations development system and with other donors and mobilizing resources and cost-sharing that will enhance the prospects for the sustainability of the results of the total programme effort. Advocacy, capacity-building and resource mobilization, as well as common thematic focus on gender mainstreaming will serve as major integration tracks. Stakeholder steering committees and joint task forces will be set up, as appropriate, to organize reviews and assessments, take stock of ongoing and planned activities, identify priority areas of common interest, establish management mechanisms and conduct joint or coordinated monitoring and evaluation. This approach will start with a more effective use of policy dialogue and advocacy tools, such as the national human development report and other key publications, the UNDAF process, as well as regional and national forums to focus on key SHD issues.

(b) In environmentally devastated areas, joint efforts of United Nations agencies and other partners will be in place to address complex and interrelated problems endangering human security. The programmatic approach will consolidate ongoing projects and promote new initiatives. This approach will be supported by integrated management to ensure clear coordination across the themes in strong cross-sectoral partnership with local authorities, other donors, and the United Nations country team.

(c) Similarly, UNDP assistance is expected to support several programmes and policies which will strengthen the enabling environment as a critical pre-condition to achieve sustainable human development in the ongoing transition. These include support to effective decentralization, promotion of good governance, and strengthening democratic reform and participation. The programmatic approach will foster synergies and reinforcement of the programme's impact.

B. Execution, implementation and expertise: a better blend

26. National execution will remain the primary mode of execution. Accordingly, the second CCF will continue to utilize extensively Kazakhstan's impressive national expertise and its suitable institutions in programme administration. At the same time, greater efforts will promote national execution by training staff of the Government, other key national institutions and the UNDP country office. This will progressively expand and reinforce more comprehensive national execution of selected projects and programmes, while still enabling the Government (and co-financing partners) to benefit from the implementation and management support services of UNDP. In view of the high demand for exposure to international experiences, especially at the upstream policy level, the country

programme will continue to rely selectively on cooperation with United Nations specialized agencies and international expertise to complement national knowledge and capabilities. The effective use of both national execution and agency execution will increasingly shift the focus of the UNDP local staff from direct project support towards substantive analysis of programme progress and impact, management support and closer interface with key partners.

27. United Nations Volunteers will continue to play an important role in programmes and projects, and as focal points for the donor community, the private sector, NGOs and the communities in which they work. The diverse nature of the input of the UNV programme will be exploited as one of the expanding opportunities for the generation of synergies and collaboration between projects, programmes and United Nations agencies. Emphasis on the use of the new national UNV modality will contribute substantially to capacity-building in all sectors and continue the successful mixed team approach of international and national UNVs. The UNV programme will also liaise with other agencies that use volunteers in enhancing human resources through skills transfer and acquisition.

C. Results-based management, monitoring and reviewing

28. Both the Government and UNDP seek to optimize the attainment of results from the limited resources available for their priority programmes of development cooperation. Building their capacity for results-based programme management, monitoring and evaluation will therefore be an essential activity. Use of the strategic results framework and its results-oriented annual report as the main tools for results-based management will be supported by training and learning activities. More rigorous programme appraisal and monitoring procedures will be introduced, including the use of Steering Committees for integrated programmes and larger projects. The country programme management plan will be used to ensure close monitoring of programme performance and to assess the results achieved against planned targets based on quantitative indicators. Annual reviews of programmes and projects will serve as the key instrument for periodic assessment of outputs and impact, while other monitoring activities such as review meetings and visits will be organized when necessary. Regular management and financial audits will continue to track process and guide rectification of any exceptions.

D. Resource mobilization and donor cooperation

29. With regard to the target resource assignment from the core (TRAC), with an expected reduction of TRAC 1 allocation (likely to be supplemented by TRAC 2 and other UNDP-managed core resources), the UNDP country office and government authorities will collaborate to mobilize additional non-core funding, including GEF. Resource mobilization efforts will capitalize on the successful experiences and sharp growth in co-financing with bilateral and multilateral donors and private business. The ratio of UNDP regular resources to total resources is projected to rise to about 1:8. UNDP is expected to continue its close coordination with the United Nations country team and other donors with regard to the priority areas of the programme focus, and in other joint activities identified by thematic groups in the process of formulating the UNDAF document. The UNDP country office will continue to play a catalytic role in promoting joint programming modalities within the United Nations system that were successfully employed in projects in the course of the implementation of the first CCF. UNDP will also strengthen management support arrangements that will foster attainment of the priority goals for the whole United Nations development system, as reflected in the UNDAF document and in the harmonized country programme cycles beginning in 2000.

Annex

Resource mobilization target table for Kazakhstan (2000-2004)

Source	Amount (In thousands of United States dollars)	Comments
UNDP regular resources		
Estimated carry-over into 2000	661	Includes AOS.
TRAC 1.1.1	1 551	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
TRAC 1.1.3	163	Estimated carry-over.
Other resources	574	In line with decision 95/23, paragraph 19.
SPPD/STS	251	
Subtotal	**3 200***	
UNDP other resources		
Government cost-sharing	7 500	
Sustainable development funds	12 530	
	of which:	
Capacity 21	230	Including ongoing GEF PDF A and B projects.
GEF	7 000	
GEF/Montreal Protocol	4 000	
GEF/SGP	1 300	
Third party-cost-sharing	3 500	
Funds, trust funds and other	1 445	
	of which:	
UNV	250	
SIDA Trust Fund	30	
WSSD	25	
United Nations Trust Fund for Semipalatinsk	1 000	
UNSO	85	
UNODCCP	55	
Subtotal	**24 975**	
Grand total	**28 175***	

* Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: AOS = administrative and operational services; GEF = Global Environment Facility; PDF = project development facility; SGP = small grants programme; SIDA = Swedish International Development Agency; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core; UNODCCP = United Nations Office for Drug Control and Crime Prevention; UNSO = United Nations Office to Combat Desertification and Drought; UNV = United Nations Volunteers; WSSD = World Summit on Social Development.